

A decorative graphic on the right side of the page consisting of a cluster of green hexagons of varying sizes, arranged in a pattern that resembles a molecular structure or a honeycomb lattice. The hexagons are positioned to the right of a diagonal white tear-like shape that separates the text from the graphic.

Risk-based Licensing
Information on environmental
management systems,
practices and improvements

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Licensee environmental performance

The risk-based licensing system acknowledges the positive practices that licensees have put in place to make environmental improvements, such as environmental management systems, that reduce the likelihood of an environmental incident or non-compliance from occurring. The system incorporates fee reductions for good environmental performers.

Recognition is given to those licensees who have environmental management systems and practices in place. Recognition is also given to licensees who can demonstrate environmental improvements using environmental improvement programs or completing environmental improvement works.

The environmental management category (EMC) is calculated for a licence by considering the environmental management performance of the licensee at the licenced premises.

The EPA will take into account:

- a licensee's environmental performance
- the regulatory actions the EPA has taken
- environmental management systems and practices the licensee has in place
- environmental improvement programs and completed environmental improvement works.

Based on this assessment a licensee will be allocated an environmental management category: A, B, C, D or E for each licence.

Refer to the [Environmental Management Calculation Protocol](#) for details regarding environmental improvement measures and how they are recognised in the system.

Licensee environmental management systems and practices

Where a licensee has implemented environmental management systems and practices for a licensed activity they will receive a reduction from their total environmental management score. The environmental management systems and practices form one component of the total environmental management score.

Environmental management systems (EMS) can be 'certified' by an independent third party to the ISO14001 standard.

Where an EMS has not been certified the EPA will consider the EMS to determine if it is a 'demonstrated equivalent' EMS on a case-by-case basis. A demonstrated equivalent EMS needs to be equal to or substantially comparable to a certified ISO14001 EMS in terms of accountability, procedures, documentation and record-keeping requirements. To determine if a non-certified EMS is considered a demonstrated equivalent EMS, contact your local EPA regional office.

Licensees who do not have a certified EMS or any other demonstrated equivalent EMS in place can receive a reduction in the total environmental management score for demonstrating management practices and activities that are considered to be equivalent to components of an EMS.

To receive a reduction to the environmental management score for having the components of an EMS, licensees must have documented practices and procedures in place.

Refer to the EPA's [Environmental Management systems guidelines](#) for further information on EMSs. Table 1 of the above guideline provides examples of the types of documented evidence that may be required to answer 'yes' to these questions.

Refer to the [Environmental Management Calculation Protocol](#) for details regarding the score reductions applicable for components of an EMS.

Environmental improvements

If the licensee has voluntarily completed environmental improvement works or entered into an environmental improvement program at the licenced premises, the licensee is eligible for reductions to their environmental management score.

Environmental improvement works

Definition

Environmental improvement works (EIWs), as defined in the Environmental Management Calculation Protocol (the Protocol) are:

management measures or works voluntarily completed by the licensee that the EPA considers have led to a demonstrated environmental improvement. Environmental improvement works are described in section 3.2.2 of the Protocol. The environmental improvement works must be outside those works required to achieve compliance with licence conditions or legislative requirements under the Protection of the Environment Operations Act 1997 (POEO Act) or regulations. Environmental improvement works, if completed, are required to be reported in a licensee's annual return.

Purpose

EIWs involve licensees voluntarily undertaking and completing management measures or works that have led to a demonstrated environmental improvement at the licensed premises. EIWs are for works that reduce either air, water, noise pollution or incident potential. EIWs are not implemented by licence condition; rather, an EIW is 'counted' when it has been completed and reported in a licensee's annual return. Prior to reporting EIWs in their annual return, licensees must ascertain whether the works qualify as an EIW. EIWs must not relate to an environmental issue where a licensee is not complying with licence conditions, the POEO Act or Regulations prior to the works being undertaken. Licensees must be able to provide sufficient information to demonstrate the environmental improvements that have resulted from the completed works.

Common objectives and benefits of EIWs include:

- environmental improvement and reduced environmental risk
- encourage licensees to undertake works that are in addition to those works required to comply with their licence, the POEO Act and regulations
- licensees are rewarded with a reduction of their environment management score which may lead to a reduction in their administrative fee
- no variation to environmental protection licence
- licensees are not constrained by a legally binding timeframe
- completed works are reported in an annual return.

EIWs reported in a licensee's annual return reduce their environmental management score.

However, if the EPA subsequently determines that the environmental improvement works:

- have not been undertaken, or
- have not been undertaken in the manner reported in the annual return, or
- have not lead to a demonstrated environmental improvement

the environmental management score for the current licence fee period, will be adjusted. If required, the administrative fee may also be adjusted.

The EPA may also take enforcement action regarding misleading information submitted in an annual return. Under section 66 of the POEO Act, it is an offence to supply any

information in the annual return that is false or misleading in a material respect, or to certify a statement that is false or misleading in a material respect. There is a maximum penalty of \$250,000 for a corporation or \$120,000 for an individual.

For further information on operator systems that attract an environmental management score reduction, see the [Environmental Management Calculation Protocol](#).

Case study – environmental improvement works

A licensee reports completed EIWs in relation to water quality as part of their 2015–16 annual return. The steps below outline the considerations to determine if the EIWs qualify for a reduction in the licensee’s environmental management score.

Consider relevant provisions in the POEO Act and regulations, EPA guidelines, and the Protocol

The licensee is currently complying with the licence conditions for water discharges at the premises. The EPA has set licence limits for concentration and volume of water discharges from the premises that are consistent with Australian and New Zealand Guidelines for Fresh and Marine Water Quality 2000 and the NSW Water Quality Objectives.

Assess environmental improvement

The completed EIWs reported a reduction in the volume and pollutant concentrations of wastewater discharged from the premises, below what was required by the licence.

Existing controls for reducing the risks posed to waters from activities undertaken at licensed premises include treating all wastewater through a series of sediment ponds prior to discharge to a local waterway.

The EIWs were completed at the premises over the past 12 months. As part of the EIW, the licensee constructed new diversionary structures to divert ‘clean’ stormwater away from unsealed areas of the premises and towards vegetated areas before it entered a series of sediment ponds. The works reduced the volume of water discharged from the premises and the concentration of suspended solids in the water discharged from the premises.

The EPA was satisfied that the works demonstrated an environmental improvement.

EIWs follow up

EPA officers documented the decision and determined that the EIWs for water discharges from the premises:

- had been undertaken
- had been undertaken as reported in the annual return
- demonstrated the environmental improvements reported in the annual return.

The licensee reported the following supporting data in their 2015–16 annual return:

2014–15 licence period

Pollutant: total suspended solids

Unit of measure: milligrams per litre

Maximum value: 50

Volume discharged: 15,000 kilolitres per year

2015–16 licence period

Pollutant: total suspended solids

Unit of measure: milligrams per litre

Maximum value: 20

Volume discharged: 12,000 kilolitres per year

Environmental improvement programs

Definition

Environmental improvement programs (EIPs), as defined in the [Environmental Management Calculation Protocol](#) (the Protocol):

are pollution reduction programs (under section 68 of the POEO Act) that have been initiated by the licensee by way of an application made to the EPA to vary their licence under section 58(3) of the POEO Act. The environmental improvement programs must be programs outside of those required to achieve compliance with legislative requirements under the POEO Act or Regulations or any existing conditions on the licence at the time that the environmental improvement program is added to the licence.

Section 68 of the Protection of the Environment Operations Act 1997 (POEO Act) defines pollution reduction programs (PRPs) as:

The conditions of a licence may require the holder of the licence:

- a. to develop and submit to the appropriate regulatory authority a pollution reduction program and to comply with the program as approved by the appropriate regulatory authority, or
- b. to comply with a pollution reduction program determined by the appropriate regulatory authority.

A pollution reduction program may include but is not limited to requirements to carry out works or to install plant for the purpose of preventing, controlling, abating or mitigating pollution.

The appropriate regulatory authority may approve a pollution reduction program with or without alterations.

Purpose

EIPs involve licensees proactively undertaking actions that lead to environmental improvements and a reduction in pollution, consistent with the objects of the POEO Act. Licensees undertake a program of actions to improve environmental outcomes in a negotiated timeframe, in consultation with the EPA. EIPs are attached as conditions of a licence and as such are enforceable.

Common objectives of EIPs include:

- reducing pollution
- implementing sustainability initiatives and cleaner production techniques (reduce pollution at source)
- providing public access to information on the nature and timing of the improvements being made
- assisting the licensee to demonstrate their intention and willingness to improve environmental performance.

EIPs are intended to encourage voluntary environmental improvements by providing a potential financial incentive. Where an EIP is entered into and placed on a licence, it can improve a licensee's environmental management score which may lead to reduced licence administration fees.

Vary licence to attach EIP

The licensee must apply for an EIP using the [licence variation application – premises form](#).

The EIP application must provide the following information:

- a description of the program, including costs
- the program's proposed completion date
- key reporting milestones
- details of expected environmental improvements.

The EPA will attach the EIP as a licence condition under section 68 of the POEO Act, under the heading 'Pollution studies and reduction programs – environmental improvement program'.

The EIP should include the following requirements:

1. A date by which the licensee must commence the program of actions outlined in the EIP.
2. A date by which the licensee must have completed the program of actions described in the EIP.

Follow up

The licensee must report on compliance with all conditions of their licence, including EIP conditions, in their annual return.

Under section 64 of the POEO Act, if any condition of a licence is contravened by any person, each holder of the licence is guilty of an offence.

The EPA may also remove the EIP from the licence if key milestones or any other conditions of the EIP are not met.

If the licensee does not comply with the requirements of the EIP, or if the EIP is removed from the licence, the EPA will add an amount equivalent to the total score reduction received for the EIP onto the environmental score for the following licence fee period.

EIPs will be routinely reviewed by the EPA to ensure key milestones are met. Licensees can renegotiate timeframes with the EPA in certain circumstances. The EPA will negotiate EIPs in accordance with the EPA's statutory powers and the principles of procedural fairness.

Case study – environmental improvement programs

A licensee applies for an EIP after contacting the EPA office and consulting on the applicability of a program of actions to reduce water pollution. The EPA considers the steps below to determine if it is appropriate to vary the licence and attach the EIP.

Consider relevant provisions in the POEO Act and Regulations, and EPA guidelines

The licensee is currently complying with the licence conditions for water discharges at the premises. The EPA has set licence limits for concentration and volume water discharges from the premises, consistent with Australian and New Zealand Guidelines for Fresh and Marine Water Quality 2000 and the NSW Water Quality Objectives.

Pollution reduction

The program of actions contained in the EIP application aims to reduce the amount of water discharged from the premises by recycling waste water and storm water. This water would be reused in operating the activity undertaken at the premises, reducing the load of water pollutants entering the waterway.

Licensee's compliance history

The EPA has considered the matters set out in section 45 of the POEO Act when assessing the EIP application. The licensee has a good environmental performance record and has controls in place for discharging treated waste water.

Assess the environmental measures

Existing controls for reducing the risks posed to waters from activities undertaken at the licensed premises include diverting all uncontaminated surface storm water away from areas where activities are undertaken. In addition, the licensee currently treats waste water prior to discharge.

Major upgrades are proposed to the premises to be undertaken over a two-year period, including changes to operational procedures and increasing the storage capacity of waste water. The proposed operational changes will allow treated waste water to be used in the operation, reducing the amount of controlled water discharges, and implement best industry practice for improving water quality as a result of a proposed waste water holding dam.

Attach EIP

The EIP is attached to the licence as a licence condition under the heading 'Pollution studies and reduction programs – environmental improvement program', and includes:

1. A date by which the licensee must commence the program of actions outlined in the environmental improvement program.
2. A date by which the licensee must have completed the program of actions described in the environmental improvement program.

Follow up

The licensee must report on compliance with all conditions of their licence, including EIP conditions, in their annual return.

EIPs must be routinely reviewed by the EPA to ensure key milestones are met.